

Capital: Sofia
Population: 7.9 million
GDP(Purchasing Power Parity): \$50.6 billion
Population below national poverty line: 12.8%
GDP per capita : \$1,978
GDP Growth: 4.8% (2002); 4.1% (H1 2003)
Religion: Bulgarian Orthodox 83.6%, Muslim 12.1%, Roman Catholic 1.7%, Jewish .1%, Protestant, Gregorian-Armenian, and others 2.3% (1998)
Language: Bulgarian, secondary languages closely correspond to ethnic breakdown
President: Georgi Parvanov
Prime Minister: Simeon Saxe-Coburg
Ambassador to U.S.: Elena Poptodorova



National Interest: Bulgaria is important to U.S. national security and foreign political interests due to: its role in helping the U.S. in the global war on terrorism; and its support on regional stability and issues addressed by the UN Security Council, non-proliferation, organized crime, corruption, and military contingencies in the Middle East. Bulgaria's potential for a strong market economy is important to sustain Bulgaria's reform efforts as it prepares to join NATO and the European Union. USAID's role is to focus on the rule of law (including judicial reform, anti-corruption, and anti-trafficking); economic growth and job creation, and local governance.

OVERVIEW OF USAID'S FOCUS IN BULGARIA

FY03: Total AEEB - \$28 million, USAID Total - \$22.675 million

Economic Growth and Restructuring (FY03 \$11.71 million, 52%):

While Bulgaria's economic development has been marked by good macroeconomic performance since the 1996-97 financial crisis, it has not yet yielded sufficient perceived economic benefits in terms of increased FDI, employment, or per capita income. USAID will continue its efforts to foster private sector-led growth to stimulate job creation and reduce constraints to small and medium-sized enterprises (SMEs). Its programs assist private business support institutions that provide firm-level assistance to SMEs to create jobs and increase exports and target competitive industries, and advance business policy reform. USAID supports programs for financial intermediation, including debt and equity financing, loan guarantee facilities, and micro-lending mechanisms for entrepreneurs. USAID will continue efforts to improve the legal and regulatory environment, including commercial law development.

USAID has been integral in promoting a market-responsive financial sector, by modernizing the Bulgarian banking system through bank supervision and bankers training. USAID continues its progress in pension reform and labor market efficiency will help Bulgarians during the country's transition.

Democracy and Governance (FY03 \$8.47 million, 37%):

In order to increase Bulgarians' trust in the judicial system and government, USAID has launched its anti-corruption Open Government Initiative. It seeks to enhance accountability mechanisms, internal controls, investigative capacity within central government, and public awareness. USAID is advancing judicial reform through improved court administration at model courts, magistrate training programs, and plans to convert training programs to a sustainable public institution. It will provide strong support to rule of law (ROL) policy reform and advocacy. Improved ROL is the underpinning for further democratization, decentralization, economic development, attracting FDI, and fulfilling U.S. policy objectives in the region.

USAID has been the only donor to comprehensively support municipal governments to encourage fiscal and administrative decentralization, and to support local government support organizations to advocate and lobby for policy reforms. This effort is complemented by a number of community-level programs using innovative public-private partnerships for the provision of social services, to promote inclusion of vulnerable groups, and address conflict prevention and ethnic integration issues. In addition, the successful PLEDGE program supports economic development in poor, underdeveloped municipalities.

Special and Cross-Cutting Initiatives (FY03 \$2.5 million, 11%) :

USAID's special and cross-cutting initiatives portfolio addresses the immediate needs of the country by promoting national and regional stability, including strengthening professional expertise of Bulgaria's human capital through training, support to a nature protection management system, and community projects with the Peace Corps. USAID has also supported the academic and institutional development of the American University in Bulgaria – the only American-style liberal arts education institution in Southeastern Europe.

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